

Message Text

PAGE 01 STATE 170086

62

ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 SS-15 SSO-00 NSCE-00

USIE-00 INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EA-06

FRB-03 INR-07 IO-10 NSAE-00 OPIC-03 SP-02 TRSE-00

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INFO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 170086

E.O. 11652:GDS

TAGS: ETRD, EFIN, EINV, AG, US

SUBJECT: ECONOMIC COOPERATION WITH ALGERIA

FOR UNDER SECRETARY ROBINSON

1. EMBASSY REQUESTED PASS FOLLOWING TO UNDER SECRETARY ROBINSON BEFORE HE DEPARTS PARIS.

2. FOLLOWING ARE THE ISSUES/TALKING POINTS ON BILATERAL ECONOMIC COOPERATION WITH ALGERIA FOR USE IN DISCUSSIONS WITH GOA LEADERS.

CONFIDENTIAL

PAGE 02 STATE 170086

ALGERIAN POSITION: GOA WANTS CONTINUED AND EXPANDED ACCESS TO US CAPITAL GOODS, TECHNOLOGY AND FINANCING TO CARRY OUT ITS DEVELOPMENT PROGRAM, AND HOPES TO ACHIEVE THIS WITHOUT MODIFYING ITS POSITION ON INTERNATIONAL ECONOMIC ISSUES.

OUR INITIATIVE IN PROPOSING THAT WE STRENGTHEN OUR BILATERAL ECONOMIC RELATIONS APPEARS TO HAVE BUILT UP GOA EXPECTATIONS WHICH MAY BE DIFFICULT TO FULFILL.

YOUR TALKING POINTS:

... I AM PLEASED TO NOTE RAPID EXPANSION OF US-ALGERIAN TRADE IN RECENT YEARS AND INVOLVEMENT US FIRMS IN MANY MAJOR ALGERIAN PROJECTS. THIS IS BENEFICIAL DEVELOPMENT FOR BOTH COUNTRIES AND I HOPE THAT US PRIVATE ENTERPRISE WILL CONTINUE TO TAKE ACTIVE INTEREST IN ALGERIA.

... AVAILABILITY OF EXIMBANK FINANCING HAS BEEN AN IMPORTANT FACTOR ENABLING PRIVATE US COMPANIES TO PROVIDE MANY OF GOODS AND SERVICES GOA NEEDS TO CARRY OUT ITS INDUSTRIAL DEVELOPMENT. EXIM'S MOST RECENT COMMITMENT TO ALGERIA FOR A NATURAL GAS PROCESSING FACILITY IS EVIDENCE OF OUR CONTINUING INTEREST, AND YOU WILL HAVE NOTED THAT BANK HAS ADOPTED A MORE FLEXIBLE POLICY ON TERMS GEARED TO REQUIREMENTS OF INDIVIDUAL PROJECTS.

... ALTHOUGH THERE IS NO COUNTRY LIMIT ON EXPOSURE, BANK OBVIOUSLY WILL NOT BE ABLE TO APPROVE ALL OF ALGERIAN PROJECTS SUBMITTED TO IT BECAUSE ITS OWN RESOURCES ARE NOT UNLIMITED AND IT MUST CONSIDER WORLDWIDE NEEDS. THE GOA MIGHT START GIVING THOUGHT TO ITS PRIORITIES FOR EXIM LENDING.

... DURING MY LAST VISIT, WE DISCUSSED WAYS IN WHICH USG MIGHT BE HELPFUL IN MEETING ALGERIA'S FOOD REQUIREMENTS. AS YOU KNOW, A \$4 MILLION CREDIT WAS APPROVED FOR COMMODITIES OTHER THAN WHEAT (IN THIS INSTANCE, DRIED BEANS), AND USG IS GIVING SYMPATHETIC CONSIDERATION TO ANOTHER REQUEST FOR A \$4 MILLION CCC WHEAT CREDIT. DECISIONS ON LARGER QUANTITIES WILL IN PART DEPEND ON HARVEST PROSPECTS AND AVAILABILITY OF FUNDS.

CONFIDENTIAL

PAGE 03 STATE 170086

... SPEAKING OF AGRICULTURE, WE ARE STILL INTERESTED IN PRESIDENT BOUMEDIENE'S CONSTRUCTIVE PROPOSAL TO OPEC FOR A COOPERATIVE VENTURE TO PROVIDE LOW COST FERTILIZER TO THE POORER DEVELOPING COUNTRIES. HAS THERE BEEN ANY DEVELOPMENT ON THIS SINCE WE LAST DISCUSSED IT?

... SINCE OUR LAST MEETING, I LOOKED INTO THE QUESTION OF MARKETING ALGERIAN WINE IN US. I UNDERSTAND THAT YOUR DIFFICULTIES IN PAST MAY HAVE STEMMED FROM PRICE WHICH WAS NOT COMPETITIVE WITH WINE IMPORTS FROM OTHER MEDITERRANEAN COUNTRIES AND SOUTH AMERICA. IT IS HIGHLY COMPETITIVE TRADE AND WOULD DEMAND AN AGGRESSIVE SALES CAMPAIGN BY GOA. OUR DEPARTMENT OF COMMERCE CAN PROVIDE LISTS OF WINE

IMPORTERS AND INFORMATION ABOUT US IMPORT REGULATIONS ON WINES.

... I WOULD ALSO LIKE TO REMIND YOU OF THE EXISTENCE OF OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) PROGRAM WHICH ENABLES US FIRMS TO SUBMIT LOWER BIDS ON OVERSEAS CONSTRUCTION CONTRACTS BY OFFERING THEM INSURANCE FOR CERTAIN RISKS. WE SHOULD BE PLEASED TO DISCUSS THIS FURTHER IF YOU ARE INTERESTED IN POSSIBLE INCLUSION OF ALGERIA IN PROGRAM.

... I HAVE MENTIONED SEVERAL AREAS OF MUTUALLY BENEFICIAL ECONOMIC COOPERATION BETWEEN THE US AND ALGERIA. THERE ARE OTHER AREAS WE COULD EXPLORE. HOWEVER, OUR POSSIBILITIES ARE LIMITED BY TWO FACTORS.

... BILATERAL ECONOMIC RELATIONS CANNOT BE DIVORCED FROM BROADER CONSIDERATIONS OF INTERNATIONAL COOPERATION.

... WHILE WE ARE SYMPATHETIC TO NEEDS OF DEVELOPING NATIONS, WE HAVE TROUBLE MOBILIZING PUBLIC AND CONGRESSIONAL SUPPORT FOR ASSISTANCE TO COUNTRIES THAT APPEAR TO SEEK CONFRONTATION RATHER THAN COOPERATION ON INTERNATIONAL POLITICAL AND ECONOMIC ISSUES.

... THE GOA'S UNREALISTIC DEMANDS FOR A RADICAL AND ABRUPT REORDERING OF THE WORLD ECONOMY AND ITS ALLEGATIONS OF US "IMPERIALIST" MOTIVES ARE HAMPERING OUR EFFORTS TO ASSIST
CONFIDENTIAL

PAGE 04 STATE 170086

ECONOMIC DEVELOPMENT OF LDCS. OUR APPROACH IS TO TRY TO FIND PRACTICAL SOLUTIONS. THIS REQUIRES DETAILED WORK TOGETHER, AND WE ARE PREPARED FOR THAT KIND OF DIALOGUE.

... THE OTHER PROBLEM CONCERNS THE GOA'S FAILURE TO SETTLE SOME PRIVATE CITIZEN CLAIMS AND ONE USG CLAIM FOR COMPENSATION FOR CONFISCATED PROPERTIES. PROVISIONS OF OUR LAW AUTOMATICALLY EXCLUDE COUNTRIES AGAINST WHICH WE HAVE SUCH CLAIMS FROM GENERALIZED SYSTEM OF PREFERENCES WE EXTEND TO LDCS, AND FROM PL 480 BENEFITS.

... EXTENSION OF CCC, EXIM LOANS AND OTHER FORMS OF ASSISTANCE ALSO CAN BE ADVERSELY AFFECTED BY PUBLIC AND CONGRESSIONAL CONCERN OVER CLAIMS.

... I TRUST THAT GOA WILL TAKE COGNIZANCE OF THIS PROBLEM WHICH IS PERSISTENT IRRITANT IN OUR OTHERWISE GOOD BILATERAL RELATIONS. KISSINGER

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